

I nspections Fully Operational

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Our Inspections unit, based in Chattanooga, Tennessee, is now fully operational. Inspections is intended to help TVA achieve objectives by systematically evaluating and improving risk management, control, governance, and implementation of best practices. Inspection topics included (1) the process and controls for emissions data reporting, (2) tool control programs, (3) continuity of operations plan, (4) purchasing card usage, (5) use of eBay to dispose of surplus assets, and (6) TVA helicopter usage. These reviews led to several process improvements.

E mpowerline—Power to the People

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A review of hotlines at private and public companies and other information showed we needed to make the OIG reporting system more convenient, and we needed to do a better job of

communicating OIG's independence and purpose. We also determined that employees and contractors wanted additional assurance that they may choose to remain anonymous when they contact the OIG. To meet these needs, we decided to contract out and redesign our hotline. Accordingly, we contracted with a third party to operate the hotline, now called "Empowerline," and established a new system whereby individuals can contact Empowerline by telephone or through the web. Empowerline is staffed 24/7 and allows individuals to track their concerns.



Semiannual Report to Congress

TVA Office of the Inspector General

October 1, 2005 ~ March 31, 2006



H ighlights

OIG Reaches Out to TVA Employees

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Empowerline - Power to the People

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OIG Works to Strengthen Controls and Security

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The complete Semiannual Report is on the enclosed CD and can be viewed at www.oig.tva.gov.

OIG Reaches Out to TVA Employees

Pages 11-14

We have undertaken several initiatives to improve communications with our stakeholders. In addition to our new hotline—Empowerline—we have begun an OIG newsletter—*OIG Connection*—and we are posting some final audit and inspection reports on the OIG web page. The IG also personally began an initiative to open a dialogue with TVA employees by visiting TVA facilities. Those visits provide an opportunity to discuss the OIG's role and responsibilities and answer employee questions.

Statistical Highlights	
October 1, 2005 ~ March 31, 2006	
Audit Reports Issued	22
Questioned Costs	\$774,000
Funds Recovered	\$1,641,000
Funds Put to Better Use	\$700,000
Funds Realized by TVA	\$740,000
Investigations Opened	80
Investigations Closed	71
Fines/Recoveries/Restitution/Savings	\$4,598,189
Criminal Actions	6
Administrative Actions (No. of Subjects)	9
Inspections Completed	14

Investigations Save TVA Money

Pages 29-30

Our investigations of alleged false claims and workers' compensation fraud resulted in recovery or projected avoided costs of over \$2.4 million. The false claims cases led to negotiated settlements, while the workers' compensation cases involved an indictment, a guilty plea, and a sentencing. A conviction for workers' compensation fraud results in a forfeiture of rights to continuing workers' compensation benefits.



OIG Works to Strengthen Controls and Security

Pages 17-21 and 31-32

We devoted significant audit and investigative resources to conducting process and system control reviews, fraud risk assessments, and information technology security reviews. While these efforts identified areas in which TVA has implemented sound controls and security practices, we also identified opportunities for TVA to strengthen its internal controls and security. These efforts assist TVA in (1) identifying critical control areas to be addressed for compliance with the Sarbanes-Oxley Act, (2) identifying security vulnerabilities, and (3) raising awareness of fraud vulnerabilities in particular business areas.